

IN THE UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEW JERSEY

**FILED**  
JEANNE A. NAUGHTON, CLERK

DEC 27 2022

U.S. BANKRUPTCY COURT  
TRENTON, NJ  
BY  DEPUTY

In re:

BLOCKFI INC., et al.

Debtors.

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**HEARING DATE AND TIME:**

**January 9, 2023, at 10:00 a.m. (EST)**

**OBJECTION TO ENTRY OF DEBTORS' MOTION TO**

**UPDATE THE USER INTERFACE AND RECONCILE BLOCKFI ACCOUNTS AS OF**

**PLATFORM PAUSE TIME STAMP**

I, as a creditor and user of Blockfi, Momin Siddique, BlockFi Email:

momin.siddique@gmail.com, acting on my own behalf, hereby move the Honorable Court in the matter of the aforementioned case, and strongly object to the Debtors' motion dated December 19, 2022 (Debtors' Motion) to update the User Interface as of "Platform Pause Time Stamp" and reconcile user BlockFi Interest Accounts and Wallets to that particular time stamp on the following grounds:

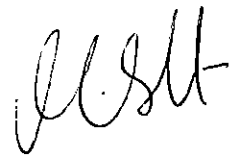
- 1.) I received no communication from Blockfi in November 2022 regarding a pause on internal transfers from Interest Accounts to Wallets. The only email and/or communication I received was with regards to a pause on withdrawals and deposits i.e moving funds in and out of the platform (**Exhibit A**).
- 2.) The terms withdrawal and transfer are not interchangeable. They are also not used interchangeably by Blockfi in other communications. The help section on the website has separate sections dealing with transfers from Interest Accounts to Wallets and a different section dealing with withdrawals.
- 3.) I received confirmation by email of transfers from my Interest to Wallet Account on Nov 14, 2022 (**Exhibit B**).
- 4.) BlockFi clearly publicized on their FAQs (Frequently Asked Questions) on November 23, 2022 that users can continue to check their ACCURATE account balances through the BlockFi portal (**Exhibit C**).
- 5.) My assets are confirmed by email, on the website (**Exhibit D**) and on the app to be held in Wallet accounts and not the Interest Account. If it is Blockfi's contention that they misrepresented the location of my assets, I reserve the right to hold the company and its Board of Directors liable for this deliberate misrepresentation.
- 6.) The above points make it clear there is absolutely no basis for BlockFi's claim in the Debtors' Motion dated December 19, 2022 (**Exhibit E**) that the Platform Pause for internal transfers within the platform took effect on November 10, 2022 at 8:15 PM. Hence, contrary to the motion, there is no need or legal basis for reconciling Wallet and BlockFi Interest Account balances as of an arbitrary "Platform Pause Time Stamp" that was neither communicated to nor operationalized for the users.

### **SUMMARY**

I and a significant section of BlockFi Users/Creditors will be grievously prejudiced and unconscionably put at a gross disadvantage resulting in an unfair deprivation of their personal property in their BlockFi Wallets, if it is restored to a time and state as of November 10, 2022, 8:15 PM EST, contrary to BlockFi's own prior public representation for these reasons and the overall case facts and circumstances involved.

### **PRAYER**

- 1.) I pray that the Honorable Court deny the Debtors' Motion to this extent.
- 2.) I pray that the Honorable Court declare that the Creditors' BlockFi Wallet balances are current as shown as of today, which is the same as of November 23, 2022 when BlockFi publicly represented that all portal balances are accurate, and that be returned to the Creditors in full, and fully enforce BlockFi's public representations to its users.




MOMIN SIDDIQUE

12/23/22

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that the foregoing document is being mailed for service this day

12/23/22 to all counsel of record

By:   
Momin Siddique

DOB 12/24/2985

Mailing Address:

\_\_\_\_\_ 3808 Huxley Dr, Springfield

Illinois \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Email:

\_\_\_\_\_momin.siddique@gmail.com\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_304-3764399\_\_\_\_\_

EXHIBIT A



Momin Siddique &lt;momin.siddique@gmail.com&gt;

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**Important BlockFi Update - November 14, 2022**

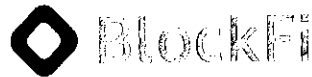
1 message

**BlockFi** <blockfi@a.blockfi.com>

Mon, Nov 14, 2022 at 12:44 PM

Reply-To: blockfi@blockfi.com

To: momin.siddique@gmail.com



Dear Momin,

We know the past few days have been incredibly difficult for you. We are deeply saddened to see the devastation that is cascading across an industry that we love and believe in, touching the lives of so many people. Our top priority remains doing the best we can for our clients.

After everything we accomplished this summer to protect BlockFi, last week's news regarding FTX was unexpected for us at BlockFi and for so many others. We are working around the clock to evaluate all of our available options.

**Where do things stand today?**

We determined late last week that in the current environment we could no longer operate our business as usual. Given that FTX and its affiliates are now in bankruptcy, the most prudent decision for us, in the interest of all clients, is to continue to pause many of our platform activities for now.

The rumors that a majority of BlockFi assets are custodied at FTX are false. That said, we do have significant exposure to FTX and associated corporate entities that encompasses obligations owed to us by Alameda, assets held at FTX.com, and undrawn amounts from our credit line with FTX US. While we will continue to work on recovering all obligations owed to BlockFi, we expect that the recovery of the obligations owed to us by FTX will be delayed as FTX works through the bankruptcy process.

At this time, withdrawals from BlockFi continue to be paused. **We also continue to ask clients not to submit any deposits to BlockFi Wallet or Interest Accounts.**

Regarding our credit card product, BlockFi relies on partners to deliver the credit card product and distribute rewards. Customers may have received communication that didn't originate from BlockFi, but from our partners, Evolve Bank and Deserve. We are working with our partners and intend to directly provide further details on our credit card program

as and when appropriate.

### **What's next?**

There are a number of scenarios that may be available to us, and we are doing the work now to determine the best path forward. BlockFi has the necessary liquidity to explore all options and we have engaged expert outside advisors that are helping us navigate BlockFi's next steps. Haynes and Boone continues to serve as our primary outside counsel, and BRG has been engaged as our financial advisor.

As we work expeditiously through this quickly evolving situation, we are focused on doing the utmost to be transparent around decisions related to our pause, products, and platform activity.

Across BlockFi, our team is working tirelessly towards our primary objective of maximizing value for all of our clients, and that will see us explore every strategic option available to us.

We will do our best to communicate through our official channels as often and transparently as possible going forward but expect these explorations may take time. We appreciate your patience during this period.

The BlockFi Team

**BlockFi**



Rates for BlockFi products are subject to change. Digital currency is not legal tender, is not backed by the government, and crypto interest accounts are not subject to FDIC or SIPC protections.

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mail

EXHIBIT B

Momin Siddique &lt;momin.siddique@gmail.com&gt;

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**Internal Transfer Completed from BlockFi Interest Account into BlockFi Wallet**

3 messages

**BlockFi Support** <support@blockfi.com>  
To: momin.siddique@gmail.com

Mon, Nov 14, 2022 at 7:44 PM

**Momin,**

Your assets have been successfully transferred from your BlockFi Interest Account into your BlockFi Wallet. Please see the transaction details below.

If you did not initiate this request, please contact us or call us at 646-779-9688 during business hours (Monday - Friday 9:30am - 5pm ET). To learn more about BlockFi Wallet click [here](#).

**INTERNAL TRANSFER**

Date: 2022-11-15

Currency: BTC

Amount: 2.54367832

Origin: BlockFi Interest Account

Destination: BlockFi Wallet

Thanks,

**The BlockFi Team**



Please do not respond to this email as the inbox is not actively monitored. If you'd like to get in touch, please contact us via our [Help Center](#)

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201 Montgomery Street, Suite 263  
Jersey City, NJ 07302

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**BlockFi Support** <support@blockfi.com>  
To: momin.siddique@gmail.com

Mon, Nov 14, 2022 at 7:45 PM



**Momin,**

Your assets have been successfully transferred from your BlockFi Interest Account into your BlockFi Wallet. Please see the transaction details below.

If you did not initiate this request, please contact us or call us at 646-779-9688 during business hours (Monday - Friday 9:30am - 5pm ET). To learn more about BlockFi Wallet click [here](#).

**INTERNAL TRANSFER**

Date: 2022-11-15

Currency: USDC

Amount: 13205.13151386

Origin: BlockFi Interest Account

Destination: BlockFi Wallet

Thanks,

**The BlockFi Team**

Please do not respond to this email as the inbox is not actively monitored. If you'd like to get in touch, please contact us via our [Help Center](#)

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**Momin,**

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If you did not initiate this request, please contact us or call us at 646-779-9688 during business hours (Monday - Friday 9:30am - 5pm ET). To learn more about BlockFi Wallet click [here](#).

#### **INTERNAL TRANSFER**

Date: 2022-11-15

Currency: LTC

Amount: 0.32921938

Origin: BlockFi Interest Account

Destination: BlockFi Wallet

Thanks,

**The BlockFi Team**



Please do not respond to this email as the inbox is not actively monitored. If you'd like to get in touch, please contact us via our [Help Center](#)

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# EXHIBIT C

[Products](#)[Institutions](#)[Private Client](#)[Resources](#)[Company](#)[Log in](#)[← Back to blog](#)**FEATURED**

## Responses to Frequently Asked Questions

Published, 23 November, 2022

Share article



- Where can I find information about my account?
  - You can continue to check the BlockFi app for accurate information regarding your account balances. We will continue to share updates regarding changes to our products through our official communication channels, including [Twitter](#) and our [blog](#).

# EXHIBIT D

Dashboard / Wallet Overview

## Wallet

Assets

Bitcoin BTC  
\$42,861.51

USD Coin USDC  
\$13,205.13

Litecoin LTC  
\$21.64

### Introducing the BlockFi Wallet

buy, sell, and store crypto and borrow funds.

[Learn more](#)

Overview

Balance

**\$56,088.29**

[Fund](#)[Withdraw](#)

[Refer a friend](#)

M5

# EXHIBIT E

2. The Debtors also seek to reconcile and adjust the User Interface (as defined below) to reflect the proper accounting of digital assets in the Wallet Accounts in connection with certain attempted transactions that took place following the Debtors' decision to pause all platform activity so that all clients are treated fairly. As described more fully in the First Day Declaration, the Debtors were subject to substantial exposure to FTX through the FTX Loan Agreement and FTX Option Agreement, as well as loans that the Debtors made to Alameda Research Ltd. Upon news of FTX's bankruptcy filing, the Debtors recognized that they could not operate their business as usual, and took swift, decisive action to protect their clients' interests and ensure equality of treatment among similarly situated clients. Chief among these measures was the pause of account withdrawals as permitted under the Debtors' Terms of Service (the "Platform Pause"), which was publicly announced via the Debtors' Twitter account and implemented on the evening of November 10, 2022 at 8:15 p.m. (prevailing Eastern Time) (the "Platform Pause Time Stamp"). On November 11, 2022, FTX began filing for chapter 11 bankruptcy in the District of Delaware<sup>4</sup> and the Debtors published an update on their website and emailed all clients alerting them to the fact that the Debtors were limiting platform activity.<sup>5</sup>

3. The Platform Pause took effect the moment of the Platform Pause Time Stamp. Thereafter, a client's ability to effectuate a withdrawal, transfer, or trade on the platform was terminated in an effort to maintain the status quo for all clients' digital assets held on the platform as of the Platform Pause Time Stamp. In accordance with the Platform Pause, the Debtors immediately (a) ceased to record transactions in the U.S. Wallet Ledger and International Wallet Ledger and (b) discontinued the ongoing daily true-ups of the WLLC FBO Wallets, the International Vault Wallets, the U.S. Wallet Ledger, and the International Wallet Ledger (each as defined below), and ceased making digital asset transfers in connection therewith. Simply put, the Debtors' clients were unable to, and did not, effectuate any transactions on the BlockFi platform beginning the moment of the Platform Pause Time Stamp.





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RDC 99

Attn: Hon. Chief Judge Michael B. Kaplan  
Clarkson S. Fisher US Courthouse  
Courtroom # 8 402 East State Street  
Trenton, N.J. 08608  
Re: Case No. 22-19361